



April 24, 2015

To: Executive Board

Subject: **Employee Health Insurance Benefits**

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### **Recommendation**

Adopt proposed change to the employee health insurance benefits program to allow employees who have access to other health insurance to receive a monthly cash payment in lieu of participating in Foothill Transit's health insurance.

### **Discussion**

For the plan year ending June 30, 2015, the average cost for health insurance (includes medical, dental, vision) is \$517 per employee per month. Health insurance costs vary from plan to plan and by age of the participant. The monthly cost for employee-only health insurance at Foothill Transit varies from \$361.00 to \$1,063.00.

Foothill Transit continues to be an employer of choice. A few of our employees have medical coverage that is compliant with the Affordable Care Act (ACA) available to them through another source. For those employees who can demonstrate ACA-compliant medical coverage through another source, Foothill Transit will provide a cash incentive which would be a financial benefit to them and to Foothill Transit. For each employee who elects to use another ACA-compliant source of health insurance, a monthly cash incentive is proposed as follows: \$250 for medical insurance and \$60 for dental, vision, and chiropractic insurance for a possible total of \$310. The cash incentive may be deposited into the employee's deferred compensation account, 457(b) account, or received as a check. Direct payments would subject to appropriate tax withholdings.

Staff conducted a brief survey of other transit properties and local governments to determine if they offered similar incentives to their employees. The survey showed that most agencies surveyed offer some level of health insurance incentive to their employees that do not use the health plans provided by their employer.



**Financial Impact**

Adoption of this recommendation will have a minimal overall financial impact. It could result in slightly lower overall health insurance premium costs to Foothill Transit. Employees are encouraged to select the health plan that best suits their individual needs.

Sincerely,

Matt Mumford  
Director of Human Resources and  
Risk Management

Doran J. Barnes  
Executive Director